

DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES Minerals & Mining Program - Oil & Gas Section 2050 West Main, Suite #1, Rapid City, SD 57702-2493 Telephone: 605-394-2229, FAX: 605-394-5317

## FORM 2

DEPT OF ENVIRONMENT & NATURAL RESOURCES - BORD

## APPLICATION FOR PERMIT TO DRILL

| Type of work:  ✓ Drill New Well Reenter W   | ell Drill Direct                      | ional Well                 | Type of well:<br>✓ Oil Well   | Gas Well                      | Injection           |  |
|---|---------------------------------------|----------------------------|---|-------------------------------|---------------------|--|
| OtherOther  |                                       |                            |   |                               |                     |  |
| Name and Address of Operator:  Spyglass Cedar Creek, LP. 595 S. Castell Ave. New Braunfels, Texas 78130 (830) 626-7100  |                                       |                            |   |                               |                     |  |
| Name and Address of Surface Owner:  |                                       |                            |   |                               |                     |  |
| State of South Dakota   |                                       |                            |   |                               |                     |  |
| Name and Address of Drilling Contractor and Rig Number:  Western Star Drilling, 1407 W Dakota Pkwy Williston, ND 58801 Rig#25   |                                       |                            |   |                               |                     |  |
| Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):  |                                       |                            |   |                               |                     |  |
| NENW Sec. 30 T18N R4E 660' FNL & 1980' FWL Harding County, S.D.   |                                       |                            |   |                               |                     |  |
| If Directional, top of pay and bottom hole location from nearest lines of section:  |                                       |                            |   |                               |                     |  |
| Acres in Spacing (Drilling) Unit  | ion of Spacing Unit                   |                            |   |                               |                     |  |
| 40 NENW Sec. 30 T18N R4E  |                                       |                            |   |                               |                     |  |
| Well Name and Number  | Elevation                             | Field and Pool, or Wildcat |   | Proposed Depth and            | l Formation         |  |
| State 3-30  | 3080.4'                               | WILDCA                     | Т   | 6,200 Minnelusa               |                     |  |
| Size of Hole   Size of Casing   8 5/8"   5 1/2"   3)   4)   | Weight per Foot<br>32#<br>15.5,20,17# | Depth<br>800'<br>6200'     | Cementing Program (amount, type, additives) 140sks"C"Cello2% HYield,3%CaCl2 ,3%CemExt 150sks"G"2%salt 260sksLitecrete10%D44,25%D121.8% D65,215sks"G"3%KCI.3%D167.5% 2036' |                               |                     |  |
| Describe Proposed Operations (Clearly State all Pertinent Details, and Give Pertinent Dates, Including Estimated Date of Starting any Proposed Work). Use additional page(s) if appropriate.  Drill @6200'. Standard 12 mil thick pit liners in place. Drill date approx. Sept. 18th, 2006. |                                       |                            |   |                               |                     |  |
| I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.   |                                       |                            |   |                               |                     |  |
| Kevin Sellers   |                                       |                            |   | l Partner                     | 0 <u>9/05</u> /2006 |  |
| Signature Name (Print)  |                                       |                            |   | Title                         | Date                |  |
| EOR OFFICE USE ONLY   |                                       |                            |   |                               |                     |  |
| Approved-By: Ted William  |                                       |                            | Title: _  | Title: Oil and Gas Supervisor |                     |  |
| Permit No. 1793 API No. 40 063 20611 Date Issued: September 15, 2006 Conditions, if any, on attached page.  |                                       |                            |   |                               |                     |  |